





9.0 FINANCIAL PLAN

9.1 INTRODUCTION

The purpose of this section is to evaluate Wichita Falls Municipal Airport's (SPS) capability to fund the Master Plan Update's Capital Improvement Program (CIP) (including a particular focus on the development of concepts for a new passenger terminal) and finance operations during three phases of capital development. The phases include a 5-year period from 2010 to 2014 (Short-Term), a 5-year period from 2015 to 2019 (Intermediate-Term) and a 10-year period from 2020 to 2029 (Long-Term). The analysis includes development of a detailed Financial Plan prepared annually for the short-term period and in summary for the intermediate- and long-term periods. Objectives for developing the plan include presenting the results of the implementation evaluation and providing practical guidelines for matching an appropriate amount and timing of financial resources with the planned use of capital funds. Detailed tables of projections for the capital program, operating expenses, operating revenues, and cash flow are provided to support the Financial Plan Summary which presents the results of this evaluation.

9.2 OVERALL APPROACH

The overall approach for developing the Financial Plan included the following steps:

- Gathering and reviewing key SPS documents related to historical financial results, capital improvement plans, operating budgets, regulatory requirements, and SPS policies.
- Interviewing SPS management personnel to gain an understanding of the existing operating and financial environment and overall financial management philosophy.
- Reviewing the aviation forecast presented in Section 3.0.
- Reviewing terminal concepts, cost estimates, and the development schedule anticipated for the planning period and projecting the overall financial requirements for implementation of the preferred terminal concept.
- Reviewing the CIP (which includes non-terminal related projects), cost estimates and the development schedule anticipated for the planning period, and projecting the overall financial requirements for the CIP.
- Determining and analyzing the sources and timing of capital funds available to meet the financial requirements for funding the CIP.
- Analyzing historical and budgeted operating expenses, developing operations and maintenance expense assumptions, reviewing assumptions with SPS management, and projecting future operating costs for the planning period.
- Analyzing historical and budgeted revenue sources, developing revenue growth assumptions, reviewing assumptions with SPS management, and projecting future revenues for the planning period.

- Completing results of the analysis and evaluation in a Financial Plan Summary that provides conclusions regarding SPS' capability to finance the planned CIP.

9.3 CAPITAL FUNDING SOURCES

The CIP is anticipated to be funded from several sources. These sources include Federal Aviation Administration (FAA) entitlement and discretionary grants, passenger facility charges, rental car customer facility charges, SPS cash reserves/net operating revenues, and other funds. Each of these sources of funds is described in the following paragraphs.

9.3.1 FAA AIRPORT IMPROVEMENT PROGRAM GRANTS

SPS receives grants from the FAA to finance the eligible costs of certain capital improvements. These Federal grants are allocated to commercial passenger service airports through the Airport Improvement Program (AIP). AIP grants include entitlement grants, which are allocated among airports by a formula that is based on passenger enplanements and discretionary grants which are awarded in accordance with FAA guidelines. Under the current AIP re-authorization legislation enacted in 2003 for funding authority through September 30, 2007 (and further extended a number of times through April 30, 2010 - long-term authority is expected to be enacted by Congress in April 2010), SPS is projected to receive current entitlements of \$1 million per year throughout the 20-year planning period based on the forecasted levels of passenger enplanements. Non-Hub airports (those with annual enplanements up to 367,874 in Calendar Year (CY) 2008 comprising 385 airports) can accumulate up to 4 years of unspent entitlements before awards are revoked. SPS did not spend \$281,696 of its 2009 entitlement and thus, has that amount, in addition to its \$1 million 2010 entitlement, available to fund projects during the short-term planning period. However, according to the FAA Texas Airports District Office, AIP entitlements are available to reimburse eligible project expenditures in the long-term future, as long as, high-priority projects (primarily airfield pavements) are funded first. It should also be noted that project-related debt financing expenses (interest and issue costs) are not eligible for AIP funding.

The approval of AIP discretionary funding is based on a project eligibility ranking method the FAA uses to award grants, at their discretion, based on a project's priority and importance to the national airport and airway system. For 2010 and 2011, the projection includes FAA discretionary funding of about \$7.2 million to SPS for reconstruction of Runway 17/35. It is reasonable to assume that SPS will receive additional discretionary funding during the planning period for higher priority, eligible projects such as runway, taxiway and apron pavement improvements; security projects; and safety enhancements. It was assumed that about \$13.2 million in discretionary grants (including \$7.2 million that is likely to be awarded for Runway 17/35) would be provided during the short-term planning period, \$1.7 million during the intermediate-term, and \$10.5 million during the long-term. If this projected discretionary funding is not awarded by the FAA in the time frames indicated, these projects are likely to be delayed until such funding is available. AIP discretionary grants are not available for reimbursement of prior project expenditures.

9.3.2 PASSENGER FACILITY CHARGES

The Aviation Safety and Capacity Expansion Act of 1990 established the authority for commercial service airports to apply to the FAA for imposing and using a Passenger Facility Charge (PFC) of up to \$3.00 per enplaned passenger. With the passage of the Wendell H. Ford Aviation Investment and Reform Act for the 21<sup>st</sup> Century in April 2000, airports can apply for an increase in the PFC collection amount from \$3.00 per eligible enplaned passenger to \$4.50. The proceeds from PFCs are eligible to be used for AIP eligible projects and for certain additional projects that preserve or enhance capacity, safety or security; mitigate the effects of aircraft noise; or enhance airline competition. PFCs may also be used to pay debt service on bonds (including principal, interest, and issue costs) and other indebtedness incurred to carry out eligible projects. In addition to funding future planned projects, the legislation permits airports to collect PFCs to reimburse the eligible costs of projects that began on or after November 5, 1990. In its current deliberations regarding FAA re-authorization, Congress is considering a significant increase to the current \$4.50 PFC collection level. As a conservative approach, this analysis assumes that the current Federal law will continue throughout the planning period and makes no assumptions regarding any changes to the structure of new funding laws to be enacted by Congress in the future.

On August 4, 2008, SPS' first and only PFC application was approved by the FAA to impose and collect PFC revenues at the \$4.50 collection level for several eligible projects. This application is currently in effect, has a total collection authority of \$1,646,268, and has an expected expiration date of December 2017 based on the passenger enplanement forecast contained in this report.

The Financial Plan analysis assumes that SPS will submit additional PFC applications and amendments, as required, to ensure that the collection of PFC revenue continues beyond the authorized expiration date and throughout the planning period. PFC revenues are assumed to be used throughout the planning period for a number of eligible projects identified in the CIP.

9.3.3 RENTAL CAR CUSTOMER FACILITY CHARGES

SPS has recently finalized the negotiation of new rental car agreements that include acknowledgment of a City Resolution (dated February 16, 2010) to impose a \$3.00 per rental car transaction day customer facility charge (CFC) effective on May 1, 2010 to support development of "the new terminal and associated landside improvements to the traveling public including relocation of the rental car terminal facilities, ready return lots, and storage facilities using CFC revenue to finance these improvements." This fee is anticipated to generate approximately \$124,000 in annual funding to support cash flow for the CIP. In this analysis, CFC funding is not considered strictly as a capital funding source but rather as an addition to annual capital cash flow that supports capital expenditures in accordance with the City Resolution.

9.3.4 CASH RESERVES/NET REVENUES

The Financial Plan analysis projects that positive net revenues will be generated by SPS operations throughout the 20-year planning period. Cash reserves of about \$540,000 were also available to support capital expenditures at the beginning of 2010. The projection assumes that about \$3.7 million in cash reserves and net operating revenues will be used to fund various projects during the Master Plan Update's 20-year planning period. In this analysis, CFC revenues are also treated as cash flow additions and considered part of this funding mechanism.

9.3.5 OTHER UNIDENTIFIED FUNDING

The traditional capital funding sources described in the preceding paragraphs are insufficient in amount and timing to finance the proposed passenger terminal planned for implementation during the period 2013 to 2015. This result occurs even though AIP and PFC funding could be used for eligible terminal costs (about 86 percent) if these sources were available during the time frame needed. Consequently, non-traditional funding sources from private third-party or other sources will be needed to finance terminal project costs of about \$14.7 million during the short- and intermediate-term planning periods. However, it should also be noted that an additional \$9.3 million in funding from this source is projected to be needed to support 3 years of cash flow shortfalls during the construction period. This cash flow shortfall could be reimbursed from 10 years of \$1 million per year AIP entitlements generated during the long-term planning period. The source of this non-traditional "other" funding has not yet been determined and represents a capital shortfall for the project. If other funding sources cannot be identified and obtained in the time frames needed, the terminal project will have to be delayed until such funding can be identified. This source has been referenced in the Financial Plan as "Other Unidentified Funding."

9.3.6 PRELIMINARY ANALYSIS FUNDING FOR THE TERMINAL PROJECT

The Preliminary Financial analysis conducted as part of this Master Plan Update included a review of four Terminal Area Options before the preferred terminal concept was identified and before the non-terminal capital projects were specified for the CIP. This preliminary analysis provided a funding plan for each of the options and a more detailed analysis of the preferred terminal concept - Option 4C. In the funding plan for Option 4C, financing sources included a significant debt requirement (about \$22 million) due to the delayed availability of AIP entitlements for eligible costs of the terminal development.

The plan indicated that debt service would be paid through principal reimbursements from future AIP entitlements (throughout the 20-year planning period) with a significant reliance on City Economic Development Funds to provide cash flow. In reviewing this preliminary plan with City officials, it was determined that the plan was more aggressive than the City is presently willing to fund through City general funds or from the local sales tax that supports economic development. The plan also assumed funding of the terminal design in 2010 from economic development sales tax. This assumption was also determined to be too aggressive at this time. As a result, the final Financial Plan excludes the use of debt financing and Economic Development Funds. Under this revised approach, other unspecified funding became a significant funding mechanism that embodies the uncertainty and delayed project implementation associated with an unidentified funding source.

9.4 FINANCIAL ANALYSIS AND IMPLEMENTATION PLAN FOR THE MASTER PLAN CAPITAL IMPROVEMENT PROGRAM

This analysis, along with the detailed tables presented in this section, provides the results of evaluating the financial reasonableness of implementing the preferred terminal concept and the CIP during the planning period from 2010 through 2029.

9.4.1 ESTIMATED PROJECT COSTS AND DEVELOPMENT SCHEDULE

The estimated project costs and development schedule were derived from Section 8.0. **Table 9-1** (shown on the following pages) provides a detailed cost estimate (in 2010 dollars) for the preferred terminal concept including a breakdown of terminal space by functional area and a funding eligibility analysis for each of the areas.

**Table 9-2** (shown on the following pages) presents the recommended projects in each planning period along with their associated timing and costs. The table also presents the amounts and timing of project funding sources. As shown in Table 9-2, the total estimated cost of capital projects, including the terminal, is \$54,847,705 in 2010 dollars. The estimated costs for projects scheduled during 2011 are adjusted by an assumed 3 percent rate of annual capital inflation. The estimated costs for projects scheduled during 2012 through 2029 are adjusted by an assumed 4 percent rate of annual capital inflation. The resulting total escalated costs are \$67,853,356. **Table 9-3** presents a summary of Table 9-2 and provides a comparison of 2010 base year costs with escalated costs adjusted for inflation for each planning period.

TABLE 9-3 SUMMARY OF BASE YEAR AND ESCALATED COSTS FOR THE CIP		
Planning Periods	2010 Base Year Costs	Total Escalated Costs
Preferred Terminal Concept Costs (2013 to 2015)	\$30,259,000	\$35,554,588
Other Capital Projects:		
Short-Term Projects (2010 to 2014)	\$11,955,437	\$12,264,975
Intermediate-Term Projects (2015 to 2019)	\$3,735,418	\$4,773,751
Long-Term Projects (2020 to 2029)	\$8,897,850	\$15,260,042
<b>Total Other Capital Project Costs</b>	<b>\$24,588,705</b>	<b>\$32,298,768</b>
<b>Total Project Costs</b>	<b>\$54,847,705</b>	<b>\$67,853,356</b>

Source: Leibowitz & Horton AMC, 2010.

9.4.2 SOURCES AND USES OF CAPITAL FUNDING

As discussed in previous sections of this analysis, a variety of sources are available for funding capital improvements at SPS. The funding structure of the capital program depends on many factors, including project eligibility for the various funding sources, the ultimate type and use of facilities to be developed, the amounts and timing of funds available, and the priorities for scheduling project completion. For planning purposes, assumptions were made related to the funding source of each capital improvement. The detailed capital funding analysis is provided in **Table 9-4** (shown on the following pages). A summary of the capital plan with escalated project cost estimates and funding sources is presented in **Table 9-5**.

TABLE 9-5 SUMMARY OF SOURCES AND USES OF CAPITAL FUNDING		
<b>Sources of Capital Funding (2010 to 2029):</b>		
AIP Entitlement Grants		\$20,281,696
AIP Discretionary Grants		\$25,357,774
Passenger Facility Charges		\$3,879,053
Other Unidentified Funding		\$14,655,900
Cash Reserves/Net Revenues		\$3,378,934
<b>Total Sources of Capital Funding</b>		<b>\$67,853,356</b>
<b>Uses of Capital Funding:</b>		
Preferred Terminal Concept (2013 to 2015)		\$35,554,588
Other Capital Projects:		
Short-Term Projects (2010 to 2014)		\$12,264,975
Intermediate-Term Projects (2015 to 2019)		\$4,773,751
Long-Term Projects (2020 to 2029)		\$15,260,042
<b>Total Other Capital Project Funding</b>		<b>\$32,298,768</b>
<b>Total Uses of Capital Funding</b>		<b>\$67,853,356</b>

Source: Leibowitz & Horton AMC, 2010.  
Note: Addition errors are due to rounding of calculated amounts.

As shown in Table 9-5, substantial funding will be needed from Federal sources including \$1 million per year throughout the planning period from AIP entitlement grants. AIP discretionary grants are projected to provide a total of about \$25.4 million throughout the planning period including \$5.2 million for airside improvements of the terminal development during the short-term planning period. PFCs are projected to provide a total of \$3.9 million throughout the planning period. The rental car service facility is projected to be funded from about \$347,000 in SPS cash reserves supported by net revenues and CFCs. As discussed in Section 9.3.5, about \$14.7 million in other unidentified funding will be needed to finance the preferred terminal concept in 2013-2015 due to the delayed availability of AIP entitlement grants throughout the 20-year planning period.

9.4.3 PROJECTED OPERATIONS AND MAINTENANCE EXPENSES

Operations and maintenance expense projections for the short-, intermediate-, and long-term planning periods are based on SPS' current budget, the anticipated impacts of inflation, aviation traffic increases, facility improvements, and the recent experience of other similarly-sized airports.

9.4.3.1 OPERATIONS AND MAINTENANCE EXPENSE PROJECTION ASSUMPTIONS

Operations and maintenance expense growth assumptions, as reflected in **Table 9-6** (shown on the following pages), were developed to project SPS' operating expenses during the planning period. Actual amounts for 2007 and 2008, estimates for 2009, and budgeted amounts for 2010 provide a comparison with expenses that are projected for the period 2011 through 2029. Beginning in 2011, the projection for the following expense categories is based on 2010 budgeted amounts and an annual inflation growth rate of 3 percent:

- Salaries and Benefits
- Materials and Supplies

TABLE 9-1 ESTIMATED TERMINAL AREA DEVELOPMENT COSTS								
Terminal Area Project Components	Square Feet	Construction Costs (1)	General Contractor Markups (2)	Subtotal Costs	Soft Costs (3)	Total Costs	Funding Eligibility	
							AIP/PFC	Ineligible
<u>Airline Ticketing/Check-In</u>								
Airline Ticket Offices	1,569	\$323,775	\$193,179	\$516,954	\$120,450	\$637,404	\$637,404	
Baggage Make-Up	1,119	110,688	66,041	176,729	41,178	217,906	217,906	
Ticket Counters	1,016	354,380	211,439	565,819	131,836	697,654	697,654	
Communications Room	107	10,943	6,529	17,471	4,071	21,542	21,542	
Circulation	126	26,001	15,513	41,514	9,673	51,187	51,187	
Total Airline Ticketing/Check-In	3,937	\$825,786	\$492,701	\$1,318,487	\$307,207	\$1,625,695	\$1,625,695	\$0
<u>Passenger &amp; Baggage Screening/Security</u>								
Passenger Screening	919	\$320,546	\$191,252	\$511,798	\$119,249	\$631,048	\$631,048	
Passenger Queuing	362	126,265	75,335	201,601	46,973	248,574	248,574	
Search Room	62	21,626	12,903	34,528	8,045	42,573	42,573	
TSA Offices	708	146,101	87,170	233,272	54,352	287,624		287,624
TSA Break Room/Training	634	130,831	78,059	208,890	48,671	257,562		257,562
Baggage Screening	1,007	291,625	173,997	465,622	108,490	574,112	574,112	
LEO Security	161	33,224	19,823	53,046	12,360	65,406	65,406	
Total Pax & Baggage Screening/Security	3,853	\$1,070,218	\$638,539	\$1,708,758	\$398,141	\$2,106,898	\$1,561,713 74.1%	\$545,186 25.9%
<u>Departure Areas</u>								
Holdroom	4,975	\$1,735,276	\$1,035,342	\$2,770,617	\$645,554	\$3,416,171	\$3,416,171	
Loading Bridge	-	500,000	20,833	520,833	104,167	625,000	625,000	
Circulation	0	0	0	0	0	0	0	
Restrooms	341	118,940	70,965	189,906	44,248	234,154	234,154	
Total Departure Area	5,316	\$2,354,216	\$1,127,140	\$3,481,356	\$793,969	\$4,275,325	\$4,275,325	\$0
<u>Concessions</u>								
Rental Cars (3)	546	\$81,446	\$48,594	\$130,040	\$30,299	\$160,340	\$160,340	
Restaurant/Lounge/Gift/Game Concessions	924	322,290	192,293	514,583	119,898	634,481	634,481	
Total Concessions	1,470	\$403,736	\$240,887	\$644,623	\$150,197	\$794,821	\$794,821	\$0
<u>Baggage Claim</u>								
Baggage Claim	3,151	\$470,030	\$280,441	\$750,471	\$174,860	\$925,331	\$925,331	
Baggage Locker/Storage	0	0	0	0	0	0	0	
Inbound Baggage	1,230	125,788	75,051	200,839	46,796	247,635	247,635	
Total Baggage Claim	4,381	\$595,818	\$355,492	\$951,310	\$221,655	\$1,172,965	\$1,172,965	\$0
<u>Administration</u>								
Administration Offices	3,546	\$731,745	\$436,591	\$1,168,336	\$272,222	\$1,440,558	\$0	\$1,440,558

Source: Leibowitz & Horton AMC, 2010.

TABLE 9-1 (continued)								
ESTIMATED TERMINAL AREA DEVELOPMENT COSTS								
Terminal Area Project Components	Square Feet	Construction Costs (1)	General Contractor Markups (2)	Subtotal Costs	Soft Costs (3)	Total Costs	Funding Eligibility	
							AIP/PFC	Ineligible
<u>Other Public Areas</u>								
Lobby/Circulation	11,702	\$4,081,647	\$2,435,290	\$6,516,938	\$1,518,447	\$8,035,384	\$8,035,384	
Public Eating Area	0	\$0	\$0	\$0	\$0	\$0	\$0	
Family Room	81	28,253	16,857	45,110	10,511	55,620	55,620	
Restrooms	763	266,134	158,787	424,921	99,007	523,927	523,927	
Meditation Room	432	150,681	89,903	240,584	56,056	296,640	296,640	
USO	739	152,498	90,987	243,486	56,732	300,218	300,218	
USO Restrooms	93	19,191	11,450	30,642	7,140	37,781	37,781	
Total Other Public Areas	13,810	\$4,698,405	\$2,803,275	\$7,501,680	\$1,747,891	\$9,249,571	\$9,249,571	\$0
					Space Eligibility Allocation >>>		86.5%	13.5%
<u>Support Areas (Eligibility Allocated by Space)</u>								
Mechanical/Electrical	1,574	\$160,968	\$96,041	\$257,009	\$59,883	\$316,892	\$274,236	\$42,656
Janitorial	48	9,905	5,910	15,815	3,685	19,500	16,875	2,625
Storage	0	0	0	0	0	0	0	0
Site Grading and Paving (within 5 ft of bldg)	-	223,388	133,283	356,671	83,104	439,775	380,578	59,197
Terminal Site Utilities	-	632,448	134,752	767,200	191,800	959,000	829,911	129,089
Total Support Areas	1,622	\$1,026,709	\$369,986	\$1,396,695	\$338,472	\$1,735,167	\$1,501,601	\$233,566
<b>Total Estimated Terminal Building Costs</b>	<b>37,935</b>	<b>\$11,706,634</b>	<b>\$6,464,611</b>	<b>\$18,171,245</b>	<b>\$4,229,755</b>	<b>\$22,401,000</b>	<b>\$20,181,690</b>	<b>\$2,219,310</b>
		52.3%	28.9%		18.9%	100.0%	90.1%	9.9%
					Total Cost/Sq Ft =	\$590.51	Terminal Cost Eligibility	
<u>Airside Improvements</u>								
Terminal Apron		\$3,380,000	\$141,042	\$3,521,042	\$704,208	\$4,225,250	\$4,225,250	
Infill Pavement for Demolished Terminal		375,000	15,625	390,625	78,125	468,750	468,750	
Total Airside Improvements		\$3,755,000	\$156,667	\$3,911,667	\$782,333	\$4,694,000	\$4,694,000	\$0
<u>Landside Improvements</u>								
Public Automobile Parking		\$1,315,525	\$345,575	\$1,661,100	\$332,220	\$1,993,320		\$1,993,320
Rental Car Parking		41,763	10,971	52,733	10,547	63,280		63,280
Main Entrance/Loop Road		730,847	191,986	922,833	184,567	1,107,400	1,107,400	
Total Landside Improvements		\$2,088,135	\$548,532	\$2,636,667	\$527,333	\$3,164,000	\$1,107,400	\$2,056,600
							35.0%	65.0%
<b>Total Estimated Terminal Area Costs</b>		<b>\$17,549,769</b>	<b>\$7,169,809</b>	<b>\$24,719,578</b>	<b>\$5,539,422</b>	<b>\$30,259,000</b>	<b>\$25,983,090</b>	<b>\$4,275,910</b>
		58.0%	23.7%		18.3%	100.0%	85.9%	14.1%
							Terminal Area Cost Eligibility	

## Notes:

- (1) Estimated costs are based on December 2009 dollars with no adjustment for escalation.
- (2) General contractor markups include general conditions, general contractor's fee, design contingency, P&P bonds, construction contingency and LEED requirements.
- (3) Soft Costs include project mgt, construction mgr, preconstruction planning, A/E design, A/E construction admin, materials testing, plan check services, cost estimating/scheduling, artwork and other.

Source: Leibowitz &amp; Horton AMC, 2010.

**TABLE 9-2  
ESTIMATED PROJECT COSTS AND DEVELOPMENT SCHEDULE**

Capital Improvement Program	Funding Schedule								
	Short Term						Intermediate Term	Long Term	Total
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	Total	FY 2015-19	FY 2020-29	Funding
<b>Funds Used for Capital Improvement Projects</b>									
AIP Entitlement Grants	\$1,281,696	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,281,696	\$5,000,000	\$10,000,000	\$20,281,696
AIP Discretionary Grants	3,030,547	4,224,948	747,003	0	2,619,858	10,622,356	4,285,066	10,450,351	25,357,774
Passenger Facility Charges	142,700	173,782	177,405	181,104	184,881	859,872	958,367	2,060,813	3,879,053
Rental Car Customer Facility Charges	50,000	123,600	127,308	131,127	135,061	567,096	727,098	907,554	2,201,749
Other Unidentified Funding	0	0	0	2,500,000	11,500,000	14,000,000	10,000,000	(9,344,100)	14,655,900
Net Operating Cash Flow	58,315	64,526	71,158	78,237	85,787	358,023	519,874	1,575,213	2,453,111
Funds Available Current Year	4,563,258	5,586,856	2,122,875	3,890,468	15,525,587	31,689,044	21,490,406	15,649,831	68,829,281
Beginning Cash Balance/Funds Carried Over from Prior Year	542,334	566,389	653,299	589,340	1,069,819	542,334	819,136	1,128,470	542,334
Funds Used Current Year	(4,539,203)	(5,499,946)	(2,186,834)	(3,409,990)	(15,776,270)	(31,412,242)	(21,181,072)	(15,260,042)	(67,853,356)
Funds Carried Over to Next Year	\$566,389	\$653,299	\$589,340	\$1,069,819	\$819,136	\$819,136	\$1,128,470	\$1,518,259	\$1,518,259
<b>Estimated Project Costs and Development Schedule (Annual Escalation: 2010-0%, 2011-3%, 2012-4%, 2013-4%)</b>									
Capital Project Description	FY 2010 Base Year Costs	Short Term					Intermediate Term	Long Term	Total
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	Total	FY 2015-19	FY 2020-29
<b>6 TERMINAL AREA PROJECT COMPONENTS</b>					<u>Design</u>	<u>Construction</u>	<u>Complete</u>		
Airline Ticketing/Check-In	\$1,625,695				\$181,110	\$847,596	\$1,028,706	\$881,499	\$1,910,205
Passenger & Baggage Screening/Security	2,106,898				234,719	1,098,483	1,333,202	1,142,422	2,475,624
Departure Areas	4,275,325				476,292	2,229,045	2,705,337	2,318,207	5,023,544
Concessions	794,821				88,547	414,399	502,946	430,975	933,921
Baggage Claim	1,172,965				130,674	611,554	742,228	636,016	1,378,244
Administration	1,440,558				160,485	751,070	911,555	781,113	1,692,668
Other Public Areas	9,249,571				1,030,447	4,822,490	5,852,937	5,015,390	10,868,327
Support Areas (Eligibility Allocated by Space)	1,735,167				193,306	904,672	1,097,978	940,859	2,038,837
Airside Improvements	4,694,000				522,934	2,447,332	2,970,266	2,545,225	5,515,491
Landside Improvements	3,164,000				352,485	1,649,629	2,002,114	1,715,614	3,717,728
<b>Total Estimated Terminal Area Costs</b>	<b>\$30,259,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,370,998</b>	<b>\$15,776,270</b>	<b>\$19,147,268</b>	<b>\$16,407,321</b>	<b>\$0</b>

Source: Leibowitz &amp; Horton AMC, 2010.



TABLE 9-2 (continued) ESTIMATED PROJECT COSTS AND DEVELOPMENT SCHEDULE										
Capital Improvement Program		Funding Schedule								
		Short Term						Intermediate Term FY 2015-19	Long Term FY 2020-29	Total Funding
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	Total			
Funds Used for Capital Improvement Projects										
AIP Entitlement Grants		\$1,281,696	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,281,696	\$5,000,000	\$10,000,000	\$20,281,696
AIP Discretionary Grants		3,030,547	4,224,948	747,003	0	2,619,858	10,622,356	4,285,066	10,450,351	25,357,774
Passenger Facility Charges		142,700	173,782	177,405	181,104	184,881	859,872	958,367	2,060,813	3,879,053
Rental Car Customer Facility Charges		50,000	123,600	127,308	131,127	135,061	567,096	727,098	907,554	2,201,749
Other Unidentified Funding		0	0	0	2,500,000	11,500,000	14,000,000	10,000,000	(9,344,100)	14,655,900
Net Operating Cash Flow		58,315	64,526	71,158	78,237	85,787	358,023	519,874	1,575,213	2,453,111
Funds Available Current Year		4,563,258	5,586,856	2,122,875	3,890,468	15,525,587	31,689,044	21,490,406	15,649,831	68,829,281
Beginning Cash Balance/Funds Carried Over from Prior Year		542,334	566,389	653,299	589,340	1,069,819	542,334	819,136	1,128,470	542,334
Funds Used Current Year		(4,539,203)	(5,499,946)	(2,186,834)	(3,409,990)	(15,776,270)	(31,412,242)	(21,181,072)	(15,260,042)	(67,853,356)
Funds Carried Over to Next Year		\$566,389	\$653,299	\$589,340	\$1,069,819	\$819,136	\$819,136	\$1,128,470	\$1,518,259	\$1,518,259
		Estimated Project Costs and Development Schedule (Annual Escalation: 2010-0%, 2011-3%, 2012-4%, 2013-4%)								
Capital Project Description		FY 2010 Base Year Costs	Short Term					Intermediate Term FY 2015-19	Long Term FY 2020-29	Total Escalated Costs
			FY 2010	FY 2011	FY 2012	FY 2013	FY 2014			
OTHER CAPITAL PROJECTS										
Short Term Projects (2010-2014)										
1 Reconstruct R/W 17/35 - Phase 1		\$4,539,203 0	\$4,539,203 0				\$4,539,203 0			\$4,539,203 0
Total Other Capital Projects 2009-10		\$4,539,203	\$4,539,203	\$0	\$0	\$0	\$4,539,203	\$0	\$0	\$4,539,203
2 Reconstruct R/W 17/35 - Phase 2		\$5,339,753 0		\$5,499,946 0			\$5,499,946 0			\$5,499,946 0
Total Other Capital Projects 2010-11		\$5,339,753	\$0	\$5,499,946	\$0	\$0	\$5,499,946	\$0	\$0	\$5,499,946
3 Rehab Air Carrier Aircraft Parking Apron		\$1,716,720			\$1,838,950		\$1,838,950			\$1,838,950
4 Rental Car Service Facility		324,761			347,884		347,884			347,884
Total Other Capital Projects 2011-12		\$2,041,481	\$0	\$0	\$2,186,834	\$0	\$2,186,834	\$0	\$0	\$2,186,834
5 Documented CATEX (Terminal Area)		\$35,000 0				\$38,992 0	\$38,992 0			\$38,992 0
Total Other Capital Projects 2012-13		\$35,000	\$0	\$0	\$0	\$38,992	\$38,992	\$0	\$0	\$38,992
		\$0 0					\$0 0			\$0 0
Total Other Capital Projects 2013-14		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Short Term Other Capital Projects		\$11,955,437	\$4,539,203	\$5,499,946	\$2,186,834	\$38,992	\$0	\$12,264,975	\$0	\$12,264,975

Source: Leibowitz &amp; Horton AMC, 2010.

**TABLE 9-2 (continued)**  
**ESTIMATED PROJECT COSTS AND DEVELOPMENT SCHEDULE**

Capital Improvement Program	Funding Schedule								
	Short Term						Intermediate Term	Long Term	Total
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	Total	FY 2015-19	FY 2020-29	Funding
<b>Funds Used for Capital Improvement Projects</b>									
AIP Entitlement Grants	\$1,281,696	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,281,696	\$5,000,000	\$10,000,000	\$20,281,696
AIP Discretionary Grants	3,030,547	4,224,948	747,003	0	2,619,858	10,622,356	4,285,066	10,450,351	25,357,774
Passenger Facility Charges	142,700	173,782	177,405	181,104	184,881	859,872	958,367	2,060,813	3,879,053
Rental Car Customer Facility Charges	50,000	123,600	127,308	131,127	135,061	567,096	727,098	907,554	2,201,749
Other Unidentified Funding	0	0	0	2,500,000	11,500,000	14,000,000	10,000,000	(9,344,100)	14,655,900
Net Operating Cash Flow	58,315	64,526	71,158	78,237	85,787	358,023	519,874	1,575,213	2,453,111
Funds Available Current Year	4,563,258	5,586,856	2,122,875	3,890,468	15,525,587	31,689,044	21,490,406	15,649,831	68,829,281
Beginning Cash Balance/Funds Carried Over from Prior Year	542,334	566,389	653,299	589,340	1,069,819	542,334	819,136	1,128,470	542,334
Funds Used Current Year	(4,539,203)	(5,499,946)	(2,186,834)	(3,409,990)	(15,776,270)	(31,412,242)	(21,181,072)	(15,260,042)	(67,853,356)
Funds Carried Over to Next Year	\$566,389	\$653,299	\$589,340	\$1,069,819	\$819,136	\$819,136	\$1,128,470	\$1,518,259	\$1,518,259
<b>Estimated Project Costs and Development Schedule (Annual Escalation: 2010-0%, 2011-3%, 2012-4%, 2013-4%)</b>									
Capital Project Description	FY 2010 Base Year Costs	Short Term					Intermediate Term	Long Term	Total
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	Total	FY 2015-19	FY 2020-29
<b>Intermediate Term Projects (2015-2019)</b>									
7 Demolish Existing Passenger Terminal	\$577,777						\$0	\$738,382	\$738,382
8 Reconstruct GA Aircraft Parking Apron	2,195,265						0	2,805,482	2,805,482
9 Rehab GA Aircraft Parking Apron	343,335						0	438,772	438,772
10 Security Improvements (Access Road)	619,041						0	791,116	791,116
<b>Total Intermediate Term Other Capital Projects</b>	<b>\$3,735,418</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,773,751</b>	<b>\$0</b>
<b>Long Term Projects (2020-2029)</b>									
11 Rehab R/W 17/35	\$642,426						\$0		\$1,101,777
12 Widen and Strengthen Taxiway C	4,059,180						0		6,961,598
13 Overlay R/W 17/35	4,196,244						0		7,196,666
<b>Total Long Term Other Capital Projects</b>	<b>\$8,897,850</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,260,042</b>
<b>Total Other Capital Projects</b>	<b>\$24,588,705</b>	<b>\$4,539,203</b>	<b>\$5,499,946</b>	<b>\$2,186,834</b>	<b>\$38,992</b>	<b>\$0</b>	<b>\$12,264,975</b>	<b>\$4,773,751</b>	<b>\$15,260,042</b>
<b>Total Terminal and Other Capital Project Costs</b>	<b>\$54,847,705</b>	<b>\$4,539,203</b>	<b>\$5,499,946</b>	<b>\$2,186,834</b>	<b>\$3,409,990</b>	<b>\$15,776,270</b>	<b>\$31,412,242</b>	<b>\$21,181,072</b>	<b>\$15,260,042</b>

Source: Leibowitz &amp; Horton AMC, 2010.

**TABLE 9-4  
PROJECTED CAPITAL FUNDING SOURCES**

Capital Improvement Projects	Total Escalated Costs	AIP Entitlement Funding	AIP Discretionary Funding	Total AIP Funding	Passenger Facility Charges	Other Unidentified Funding	Cash Reserves/ Net Revenues	Total Funding
<b>6 TERMINAL AREA PROJECT COMPONENTS</b>								
Airline Ticketing/Check-In	\$1,910,205	\$1,000,000		\$1,000,000	\$910,205	\$0	\$0	\$1,910,205
Passenger & Baggage Screening/Security	2,475,624	1,000,000		1,000,000		1,475,624	0	2,475,624
Departure Areas	5,023,544			0	619,620	4,403,924	0	5,023,544
Concessions	933,921			0		933,921	0	933,921
Baggage Claim	1,378,244			0		1,378,244	0	1,378,244
Administration	1,692,668			0			1,692,668	1,692,668
Other Public Areas	10,868,327	9,536,479		9,536,479		1,331,848	0	10,868,327
Support Areas (Eligibility Allocated by Space)	2,038,837			0		2,038,837	0	2,038,837
Airside Improvements	5,515,491		5,239,716	5,239,716		275,775	0	5,515,491
Landside Improvements	3,717,728			0		2,817,728	900,000	3,717,728
<b>Total Estimated Terminal Area Costs</b>	<b>\$35,554,588</b>	<b>\$11,536,479</b>	<b>\$5,239,716</b>	<b>\$16,776,195</b>	<b>\$1,529,826</b>	<b>\$14,655,900</b>	<b>\$2,592,668</b>	<b>\$35,554,588</b>
<b>OTHER CAPITAL PROJECTS</b>								
<b>Short Term Projects (FY 2010-2014)</b>								
1 Reconstruct R/W 17/35 - Phase 1	\$4,539,203	\$1,281,696	\$3,030,547	\$4,312,243	\$226,960		\$0	\$4,539,203
	0			0	0		0	0
Total Other Capital Projects 2009-10	\$4,539,203	\$1,281,696	\$3,030,547	\$4,312,243	\$226,960	\$0	\$0	\$4,539,203
2 Reconstruct R/W 17/35 - Phase 2	\$5,499,946	\$1,000,000	\$4,224,948	\$5,224,948	\$274,997		\$0	\$5,499,946
	0			0			0	0
Total Other Capital Projects 2010-11	\$5,499,946	\$1,000,000	\$4,224,948	\$5,224,948	\$274,997	\$0	\$0	\$5,499,946
3 Rehab Air Carrier Aircraft Parking Apron	\$1,838,950	\$1,000,000	\$747,003	\$1,747,003	\$91,948		\$0	\$1,838,950
4 Rental Car Service Facility	347,884			0			347,884	347,884
Total Other Capital Projects 2011-12	\$2,186,834	\$1,000,000	\$747,003	\$1,747,003	\$91,948	\$0	\$347,884	\$2,186,834
5 Documented CATEX (Terminal Area)	\$38,992			\$0	\$38,992		\$0	\$38,992
	0			0			0	0
Total Other Capital Projects 2012-13	\$38,992	\$0	\$0	\$0	\$38,992	\$0	\$0	\$38,992
	\$0			\$0			\$0	\$0
	0			0			0	0
Total Other Capital Projects 2013-14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Short Term Other Capital Projects</b>	<b>\$12,264,975</b>	<b>\$3,281,696</b>	<b>\$8,002,498</b>	<b>\$11,284,194</b>	<b>\$632,897</b>	<b>\$0</b>	<b>\$347,884</b>	<b>\$12,264,975</b>

Source: Leibowitz &amp; Horton AMC, 2010.

TABLE 9-4 (continued) PROJECTED CAPITAL FUNDING SOURCES									
		Total Escalated Costs	AIP Entitlement Funding	AIP Discretionary Funding	Total AIP Funding	Passenger Facility Charges	Other Unidentified Funding	Cash Reserves/ Net Revenues	Total Funding
Capital Improvement Projects									
<b>Intermediate Term Projects (FY 2015-2019)</b>									
7	Demolish Existing Passenger Terminal	\$738,382			\$0			\$738,382	738,382
8	Reconstruct GA Aircraft Parking Apron	2,805,482	1,000,000	1,665,208	2,665,208	140,274			2,805,482
9	Rehab GA Aircraft Parking Apron	438,772	416,833		416,833	21,939			438,772
10	Security Improvements (Access Road)	791,116			0	791,116			791,116
<b>Total Intermediate Term Other Capital Projects</b>		<b>\$4,773,751</b>	<b>\$1,416,833</b>	<b>\$1,665,208</b>	<b>\$3,082,041</b>	<b>\$953,328</b>	<b>\$0</b>	<b>\$738,382</b>	<b>\$4,773,751</b>
<b>Long Term Projects (FY 2020-2029)</b>									
11	Rehab R/W 17/35	\$1,101,777	\$1,046,688		\$1,046,688	\$55,089		\$0	\$1,101,777
12	Widen and Strengthen Taxiway C	6,961,598	2,000,000	4,613,518	6,613,518	348,080		0	6,961,598
13	Overlay R/W 17/35	7,196,666	1,000,000	5,836,833	6,836,833	359,833		0	7,196,666
<b>Total Long Term Other Capital Projects</b>		<b>\$15,260,042</b>	<b>\$4,046,688</b>	<b>\$10,450,351</b>	<b>\$14,497,039</b>	<b>\$763,002</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,260,042</b>
<b>Total Other Capital Projects</b>		<b>\$32,298,768</b>	<b>\$8,745,217</b>	<b>\$20,118,058</b>	<b>\$28,863,275</b>	<b>\$2,349,227</b>	<b>\$0</b>	<b>\$1,086,266</b>	<b>\$32,298,768</b>
<b>Total Terminal and Other Capital Project Costs</b>		<b>\$67,853,356</b>	<b>\$20,281,696</b>	<b>\$25,357,774</b>	<b>\$45,639,470</b>	<b>\$3,879,053</b>	<b>\$14,655,900</b>	<b>\$3,678,934</b>	<b>\$67,853,356</b>

Source: Leibowitz & Horton AMC, 2010.

**TABLE 9-6**  
**ACTUAL, ESTIMATED, BUDGETED AND PROJECTED OPERATIONS & MAINTENANCE EXPENSES**

Operations & Maintenance Expenses	Actual	Actual	Estimated	Short Term					Intermediate Projected FY 2015-19	Long Term Projected FY 2020-29	
	FY 2007	FY 2008	FY 2009	Budgeted FY 2010	Projected			Total			
					FY 2011	FY 2012	FY 2013				FY 2014
Salaries & Benefits:											
Salaries & Wages	\$56,356	\$59,663	\$63,942	\$62,797	\$64,681	\$66,621	\$68,620	\$70,679	\$333,398	\$386,499	\$967,482
Employee Benefits	18,665	19,544	20,654	21,916	22,573	23,251	23,948	24,667	116,355	134,887	337,649
Total Salaries & Benefits	\$75,021	\$79,207	\$84,596	\$84,713	\$87,254	\$89,872	\$92,568	\$95,345	\$449,753	\$521,387	\$1,305,130
Annual Growth Rate	-	5.6%	6.8%	0.1%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Materials & Supplies:											
Office Supplies	\$402	\$150	\$290	\$500	\$515	\$530	\$546	\$563	\$2,655	\$3,077	\$7,703
Janitorial Supplies	350	360	102	500	515	530	546	563	2,655	3,077	7,703
Trees/Flowers/Shrubs	0	0	0	0	0	0	0	0	0	0	0
Clothing & Uniforms	306	0	31	500	515	530	546	563	2,655	3,077	7,703
Personal Computer	448	0	0	0	0	0	0	0	0	0	0
Other Supplies	198	1,061	1,969	1,000	1,030	1,061	1,093	1,126	5,309	6,155	15,406
Total Materials & Supplies	\$1,704	\$1,571	\$2,392	\$2,500	\$2,575	\$2,652	\$2,732	\$2,814	\$13,273	\$15,387	\$38,516
Annual Growth Rate	-	-7.8%	52.3%	4.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Maintenance & Repairs:											
Heating/Cooling Systems	\$29,848	\$15,817	\$7,915	\$13,000	\$13,390	\$13,792	\$14,205	\$14,632	\$69,019	\$80,012	\$200,284
Walks/Drives/Parking Lots	9,266	0	0	0	0	0	0	0	0	0	0
Airports	18,888	33,820	23,722	18,000	18,540	19,096	19,669	20,259	95,564	110,785	277,317
Total Maintenance & Repairs	\$58,002	\$49,637	\$31,637	\$31,000	\$31,930	\$32,888	\$33,875	\$34,891	\$164,583	\$190,797	\$477,601
Annual Growth Rate	-	-14.4%	-36.3%	-2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Utilities:											
Telephone	\$4,147	\$4,517	\$4,518	\$4,500	\$4,635	\$4,774	\$4,917	\$5,065	\$23,891	\$27,696	\$69,329
Electricity	49,788	57,611	52,023	52,000	53,560	55,167	56,822	58,526	276,075	320,047	801,138
Gas	5,460	5,569	4,355	5,700	5,871	6,047	6,229	6,415	30,262	35,082	87,817
Water/Sewer/Sanitation	3,937	4,862	5,212	5,400	5,562	5,729	5,901	6,078	28,669	33,236	83,195
Cable TV	420	450	492	500	515	530	546	563	2,655	3,077	7,703
Total Utilities	\$63,752	\$73,009	\$66,600	\$68,100	\$70,143	\$72,247	\$74,415	\$76,647	\$361,552	\$419,138	\$1,049,182
Annual Growth Rate	-	14.5%	-8.8%	2.3%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Source: Leibowitz &amp; Horton AMC, 2010.

TABLE 9-6 (continued)											
ACTUAL, ESTIMATED, BUDGETED AND PROJECTED OPERATIONS & MAINTENANCE EXPENSES											
Operations & Maintenance Expenses	Actual	Actual	Estimated	Short Term					Intermediate Projected FY 2015-19	Long Term Projected FY 2020-29	
	FY 2007	FY 2008	FY 2009	Budgeted FY 2010	Projected			Total			
					FY 2011	FY 2012	FY 2013				FY 2014
Contractual Services:											
Central Garage	\$4,428	\$1,229	\$1,342	\$2,104	\$2,167	\$2,232	\$2,299	\$2,368	\$11,170	\$12,950	\$32,415
Landing Fees	4,224	4,193	1,205	0	0	0	0	0	0	0	0
Services - Bank	573	705	607	761	784	807	832	857	4,040	4,684	11,724
Audit Services	637	603	572	673	693	714	735	757	3,573	4,142	10,369
Other Professional Services	3,831	26,230	6,395	1,500	1,545	1,591	1,639	1,688	7,964	9,232	23,110
Employee Physicals	0	88	0	0	0	0	0	0	0	0	0
Advertising	286	580	923	1,500	1,545	1,591	1,639	1,688	7,964	9,232	23,110
Binding/Printing	63	195	62	100	103	106	109	113	531	615	1,541
Insurance Expense	14,010	16,993	6,612	20,000	20,600	21,218	21,855	22,510	106,183	123,095	308,130
Other Miscellaneous	309	426	432	480	494	509	525	540	2,548	2,954	7,395
Total Contractual Services	\$28,361	\$51,242	\$18,150	\$27,118	\$27,932	\$28,769	\$29,633	\$30,522	\$143,973	\$166,904	\$417,793
Annual Growth Rate	-	80.7%	-64.6%	49.4%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Other Operating Expenses:											
Travel Expenses	\$704	\$529	\$1,077	\$1,000	\$1,030	\$1,061	\$1,093	\$1,126	\$5,309	\$6,155	\$15,406
Education Registration	830	720	795	750	773	796	820	844	3,982	4,616	11,555
Lease Payments	919	741	741	1,200	1,236	1,273	1,311	1,351	6,371	7,386	18,488
Memberships	950	942	949	975	1,004	1,034	1,065	1,097	5,176	6,001	15,021
Board/Local Meetings	288	0	0	400	412	424	437	450	2,124	2,462	6,163
Rent - Land/Structures	0	0	13,833	34,000	35,020	36,071	37,153	38,267	180,511	209,261	523,821
Postage/Freight	220	463	676	360	371	382	393	405	1,911	2,216	5,546
Matching Contributions	0	357	0	25,000	25,750	26,523	27,318	28,138	132,728	153,869	385,162
Administrative Overhead	41,679	40,063	38,184	46,956	48,365	49,816	51,310	52,849	249,296	289,002	723,427
Data Processing Services	2,387	2,746	2,178	2,472	2,546	2,623	2,701	2,782	13,124	15,215	38,085
Total Other Operating Expenses	\$47,977	\$46,561	\$58,433	\$113,113	\$116,506	\$120,002	\$123,602	\$127,310	\$600,532	\$696,182	\$1,742,675
Annual Growth Rate	-	-3.0%	25.5%	93.6%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Minor Capital Outlays/Grant Local Matches	\$145,424	\$227,046	\$20,812	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual Growth Rate	-	56.1%	-90.8%	-100.0%	-	-	-	-	-	-	-
Total Operations & Maintenance Expenses	\$420,241	\$528,273	\$282,620	\$326,544	\$336,340	\$346,431	\$356,823	\$367,528	\$1,733,666	\$2,009,795	\$5,030,899
Annual Growth Rate	-	25.7%	-46.5%	15.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Operating Expenses Per Enplaned Passenger:											
Wichita Falls Municipal	\$8.94	\$10.83	\$5.63	\$7.10	\$7.16	\$7.23	\$7.29	\$7.36	\$7.23	\$7.76	\$9.03
Non-Hub Industry Average	\$28.30	\$31.34	\$32.28	\$33.25	\$34.25	\$35.27	\$36.33	\$37.42	\$35.30	\$40.93	\$51.22

Source: Leibowitz &amp; Horton AMC, 2010.



- Maintenance and Repairs
- Utilities
- Contractual Services
- Other Operating Expenses
- Minor Equipment Outlays/Grant Local Matches

9.4.3.2 **Projection of Operations and Maintenance Expenses and Operating Expenses Per Enplaned Passenger**

The projection of operations and maintenance expenses is provided in Table 9-6. As shown in the table, total operating expenses are expected to grow from \$326,544 budgeted for 2010 to \$367,528 projected for 2014 with a total of \$1,733,666 during the 5-year short-term period. During the 5-year intermediate-term period, expenses are projected to total \$2,009,795, and during the 10-year long-term period, expenses are projected to total \$5,030,899. The overall growth rate of expenditures during the projection period is 3 percent per year.

Table 9-6 also provides a comparison of SPS' total operating expenses per enplaned passenger versus the industry average for non-hub airports. SPS' operating expense per enplaned passenger is projected to grow from \$7.10 budgeted for 2010 to an average of \$9.03 during the long-term planning period. During the same period, the industry average for non-hub airports ranges from \$33.25 in 2010 to an average of \$51.22<sup>3</sup>. This comparison shows that current operating expenses at SPS are substantially less than those of other similarly-sized airports. This result is significantly due to the airfield maintenance and operating expenses that Sheppard Air Force Base provides including airfield area mowing, runway/taxiway lighting, security fencing, Aircraft Rescue and Firefighting (ARFF), Air Navigation Aides, and Air Traffic Control Tower (ATCT) services for all aircraft operations. Nonetheless, SPS' operating expenses appear to be very cost-efficient compared with other similarly-sized non-hub airports.

9.4.4 **PROJECTED OPERATING REVENUES**

Operating revenue projections for the short-, intermediate-, and long-term planning periods are based on SPS' current budget, the anticipated impacts of inflation, aviation traffic increases, anticipated user fee and tenant rental adjustments, facility improvements, and the recent experience of other similarly-sized airports.

9.4.4.1 **Operating Revenue Projection Assumptions**

**Table 9-7** presents actual, estimated, budgeted and projected operating revenues for SPS for the period 2007 through 2029. Actual amounts for 2007 and 2008, estimates for 2009 and budgeted amounts for 2010 provide a comparison with revenues that are projected for the period 2011 through 2029. Annual growth assumptions from 2011 through 2029 for the following revenue categories are provided below:

**Airline Revenues**

- Landing Fees - Projections are based on the 2010 budget with a 3 percent annual inflation rate plus increases in aircraft landed weight using annual growth at half the rate of passenger enplanement forecasts. This reflects the airlines' practice of managing increased load factors before additional flights are provided.

- Terminal Rent - Projections are based on the 2010 budget and 3 percent annual inflation thereafter.

**Non-Airline Revenues**

- Fuel Flowage Fees - Projections are based on the 2010 budget with a 3 percent annual inflation rate plus increases in aircraft landed weight using annual growth at half the rate of passenger enplanement forecasts to approximate growth in the volume of fuel delivered.
- Ground Leases - Based on the 2010 budget and 3 percent annual inflation thereafter.
- Hangar Lease - Based on the 2010 budget and 3 percent annual inflation thereafter.
- Rental Car Space Rent - Based on the 2010 budget and 3 percent annual inflation thereafter.
- Rental Car Concessions - Based on the 2010 budget and 3 percent annual inflation plus the annual rate of forecast enplanement growth.
- Other Concessions - Based on the 2010 budget and 3 percent annual inflation plus the annual rate of forecast enplanement growth.
- Parking Fees - Based on the 2010 budget and 3 percent annual inflation plus the annual rate of forecast enplanement growth.
- Advertising Sales - Based on the 2010 budget and 3 percent annual inflation thereafter.
- Other Airport Rentals - Based on the 2010 budget and 3 percent annual inflation thereafter.
- Interest Income - Based on the 2010 budget and remains fixed at \$6,000 per year thereafter.
- Miscellaneous Revenues - Based on the 2010 budget and 3 percent annual inflation thereafter.

9.4.4.2 **Projection of Operating Revenues, Airline Cost Per Enplaned Passenger, and Operating Revenues Per Enplaned Passenger**

The projection of operating revenues is provided in Table 9-7. As shown in the table, airline revenues are expected to grow from \$50,967 budgeted for 2010 to \$57,821 projected for 2014 with a total of \$271,697 during the 5-year short-term planning period. During the 5-year intermediate-term period, airline revenues are projected to total \$317,330 and during the 10-year long-term period, revenues are projected to total \$800,307. The overall annual growth rate for airline revenues is 3.1 percent. Non-Airline revenues are expected to grow from \$333,892 budgeted for 2010 to \$395,494 projected for 2014 with a total of \$1,819,993 during the short-term period. During the intermediate-term period, non-airline revenues are projected to total \$2,212,338 and during the long-term period, revenues are projected to total \$5,805,804. The overall annual growth rate for non-airline revenues is 3.8 percent. Total SPS revenues are expected to grow from \$384,859 budgeted for 2010 to \$453,315 projected for 2014 with a total of \$2,091,690 during the short-term period. During the intermediate-term period, revenues are projected to total \$2,529,669 and during the long-term period, revenues are projected to total \$6,606,112. The overall annual growth rate for total revenues is 3.7 percent.

<sup>3</sup> Sources: FAA Air Carrier Activity Information System (ACAIS) enplanement database and non-hub airport annual financial report #127 from the FAA Compliance Activity Tracking System (CATS) for 2007 and 2008 with inflation adjustments after 2008

TABLE 9-7 ACTUAL, ESTIMATED, BUDGETED AND PROJECTED OPERATING REVENUES											
Operating Revenues	Actual	Actual	Estimated	Short Term					Intermediate Projected FY 2015-19	Long Term Projected FY 2020-29	
	FY 2007	FY 2008	FY 2009	Budgeted FY 2010	Projected			Total			
					FY 2011	FY 2012	FY 2013				FY 2014
<b>Airline Revenues</b>											
Landing Fees	\$13,810	\$14,938	\$11,528	\$9,600	\$9,991	\$10,398	\$10,822	\$11,263	\$52,073	\$62,727	\$162,987
Terminal Rent	40,123	40,432	38,996	41,367	42,608	43,886	45,203	46,559	219,623	254,603	637,320
Total Airline Revenues	\$53,933	\$55,370	\$50,524	\$50,967	\$52,599	\$54,284	\$56,025	\$57,821	\$271,697	\$317,330	\$800,307
Annual Growth Rate	-	2.7%	-8.8%	0.9%	3.2%	3.2%	3.2%	3.2%	2.7%	3.1%	3.1%
Airline Cost Per Enplaned Passenger:											
Wichita Falls Municipal	\$1.15	\$1.14	\$1.01	\$1.11	\$1.12	\$1.13	\$1.14	\$1.16	\$1.13	\$1.23	\$1.44
Non-Hub Industry Average	\$5.68	\$6.14	\$6.32	\$6.51	\$6.71	\$6.91	\$7.12	\$7.33	\$6.92	\$8.02	\$10.04
<b>Non-Airline Revenues</b>											
Fuel Flowage Fees	\$35,020	\$27,475	\$24,372	\$24,000	\$24,978	\$25,995	\$27,054	\$28,156	\$130,184	\$156,818	\$407,467
Ground Leases	23,094	23,094	23,094	23,094	23,787	24,500	25,235	25,993	122,609	142,138	355,798
Hangar Lease	18,000	18,000	18,000	18,000	18,540	19,096	19,669	20,259	95,564	110,785	277,317
Rental Car Space Rent	16,845	16,845	16,844	16,845	17,350	17,871	18,407	18,959	89,432	103,677	259,522
Rental Car Concessions	201,398	194,696	168,407	150,000	157,722	165,841	174,377	183,354	831,293	1,039,966	2,804,974
Other Concessions	10,459	10,354	8,447	7,320	7,697	8,093	8,510	8,948	40,567	50,750	136,883
Parking Fees	35,289	36,864	35,915	42,000	44,162	46,435	48,826	51,339	232,762	291,190	785,393
Advertising Sales	8,800	9,200	8,050	8,000	8,240	8,487	8,742	9,004	42,473	49,238	123,252
Other Airport Rentals	38,633	38,633	38,633	38,633	39,792	40,986	42,215	43,482	205,108	237,776	595,199
Interest Income	33,951	20,539	4,950	6,000	6,000	6,000	6,000	6,000	30,000	30,000	60,000
Miscellaneous Revenues	1	31	8	0	0	0	0	0	0	0	0
Total Non-Airline Revenues	\$421,490	\$395,731	\$346,720	\$333,892	\$348,267	\$363,305	\$379,036	\$395,494	\$1,819,993	\$2,212,338	\$5,805,804
Annual Growth Rate	-	-6.1%	-12.4%	-3.7%	4.3%	4.3%	4.3%	4.3%	2.7%	3.7%	3.7%
Total Operating Revenues	\$475,423	\$451,101	\$397,244	\$384,859	\$400,866	\$417,589	\$435,060	\$453,315	\$2,091,690	\$2,529,669	\$6,606,112
Annual Growth Rate	-	-5.1%	-11.9%	-3.1%	4.2%	4.2%	4.2%	4.2%	2.7%	3.6%	3.6%
Operating Revenues Per Enplaned Passenger:											
Wichita Falls Municipal	\$10.11	\$9.25	\$7.91	\$8.37	\$8.54	\$8.71	\$8.89	\$9.07	\$8.72	\$9.77	\$11.86
Non-Hub Industry Average	\$27.78	\$30.18	\$31.09	\$32.02	\$32.98	\$33.97	\$34.99	\$36.04	\$34.00	\$39.41	\$49.33

Source: Leibowitz &amp; Horton AMC, 2010.



Table 9-7 also provides a comparison of SPS’ airline cost per enplaned passenger versus the industry average for non-hub airports. The airline cost per enplaned passenger (airline fees and rentals divided by enplaned passengers) is a measure airlines use to compare their cost of operations among the airports they serve. SPS’ airline cost per enplaned passenger is projected to range from \$1.11 budgeted for 2010 to an average of \$1.44 during the long-term planning period. During the same period, the industry average for non-hub airports ranges from \$6.51 in 2010 to an average of \$10.04<sup>4</sup>. This result shows that current and projected airline rates and charges at SPS are substantially below those of other similarly-sized airports throughout the 20-year planning period. If airline rates could be adjusted to more closely reflect comparable rates of other similarly-sized airports, an additional source of capital funding would be generated. Existing airline rates are so far below industry averages that a current increase would be warranted. For example, SPS’ current landing fee for air carriers is approximately \$0.18 per thousand pounds of aircraft landed weight, while the rate for other non-hub airports is substantially higher (in the range of \$0.50 to \$2.40 per thousand pounds). A rate increase at least equal to annual inflation (estimated at 3 percent) would be readily justified for many years into the future. The current financial weakness in the airline industry is likely to limit SPS’ ability to impose higher rates and may effectively preclude a substantive increase in airline rates and charges. In future years, when airline financial conditions improve and stabilize, SPS could become more aggressive in revising airline rates to increase its capability for generating higher airline revenues which would contribute more to funding the anticipated CIP.

Table 9-7 also provides a comparison of SPS’ total operating revenue per enplaned passenger versus the industry average for non-hub airports. SPS’ operating revenue per enplaned passenger is projected to grow from \$8.37 budgeted for 2010 to an average of \$11.86 during the long-term planning period. During the same period, the industry average for non-hub airports ranges from \$32.02 in 2010 to an average of \$49.33<sup>5</sup>. This shows that current and projected total revenues at SPS are substantially below those of other similarly-sized airports throughout the planning period. The result is partially due to low airline rates as discussed above. The recent negotiation of new rental car agreements was a beneficial step towards improving total revenues but will not be sufficient to bring SPS’ statistic in line with industry averages. SPS’ existing automobile parking rates (\$3.00 exit fee regardless of parking time) also contributes to the low revenue statistic. Other non-hub airports impose a minimum charge in the range of \$4.00 to \$6.00 per day. As lease terms allow, other non-airline rent and fee increases may be considered to further improve total revenues. A policy of annually increasing rates by a current inflation measure is a common practice that would provide beneficial results. A mitigating circumstance related to low revenues is that SPS also operates with very low expenses and well managed cost efficiency.

9.4.5 FINANCIAL PLAN SUMMARY

The Financial Plan Summary presented in **Table 9-8** includes projection totals for Operating Cash Flow and Capital Cash Flow. In the Operating Cash Flow section, revenues and expenses are summarized from Tables 9-6 and 9-7. As shown in Table 9-8, cash flow from operations is positive for every period of the projection. The Capital Cash Flow section provides the matching of capital project expenditures with the availability of capital funds so that positive cash flows result throughout the 20-year planning period.

The Capital Cash Flow section of Table 9-8 summarizes the results of analysis from Tables 9-2 and 9-4. In Table 9-2, an approach was provided for scheduling capital expenditures to match the availability of capital funding. Table 9-4 provided an approach for matching specific capital funding sources with each of the Master Plan Update projects. Based on the assumptions underlying the Financial Plan summarized in Table 9-8, implementation of the non-terminal related CIP is financially reasonable if SPS can obtain awards for the indicated amount of needed AIP discretionary grant funding. However, the reasonability of funding the proposed passenger terminal concept with other unidentified funding relies heavily on the ability of City staff to identify one or more additional funding sources in the near-term.

Key assumptions supporting the Financial Plan relate to the availability and timeliness of the funding sources that have been identified. Receiving awards for about \$13.2 million in AIP discretionary grants during the short-term (of which \$7.2 million will likely be awarded by the FAA for the reconstruction of Runway 17/35 in 2010-2011), \$1.7 million during the intermediate-term, and \$10.5 million during the long-term planning period (for a total of \$25.4 million) are necessary for implementing the terminal apron and other airfield pavement projects to which this funding relates. AIP discretionary funding is not certain until the actual award is received from the FAA. If the indicated level of AIP discretionary funding is not available in the time frames indicated, then specific projects to which the funding is applied may need to be delayed or cancelled. As previously discussed, Table 9-4 indicates that other unidentified funding will be applied to the terminal development project included in the CIP. If this funding does not materialize in the time frames needed, the proposed passenger terminal project will need to be delayed.

Additionally, the Financial Plan relies on achievement of the passenger enplanement forecasts. Actual passenger enplanements may temporarily vary from the projected levels without a significant adverse impact on the CIP. If decreased passenger levels occur and persist, implementation of all the proposed projects may not be financially feasible. It should also be noted, however, that if the forecast passenger levels are not met, then some of the planned capital improvements may not be necessary.

<sup>4</sup> Source: FAA ACAIS enplanement database and non-hub airport annual financial report #127 from the FAA CATS for 2007 and 2008 with inflation adjustments after 2008  
<sup>5</sup> Sources: FAA ACAIS enplanement database and non-hub airport annual financial report #127 for 2007 and 2008 with inflation adjustments after 2008

**TABLE 9-8**  
**FINANCIAL PLAN SUMMARY**  
**BUDGETED AND PROJECTED NET CASH FLOW, CAPITAL FUNDING AND CAPITAL EXPENDITURES**

Operating/Capital Cash Flow	Short Term						Intermediate Projected FY 2015-19	Long Term Projected FY 2020-29
	Budgeted FY 2010	Projected				Total		
		FY 2011	FY 2012	FY 2013	FY 2014			
<b><u>Operating Cash Flow</u></b>								
Revenues:								
Airline Revenues	\$50,967	\$52,599	\$54,284	\$56,025	\$57,821	\$271,697	\$317,330	\$800,307
Non-Airline Revenues	333,892	348,267	363,305	379,036	395,494	1,819,993	2,212,338	5,805,804
Total Revenues	\$384,859	\$400,866	\$417,589	\$435,060	\$453,315	\$2,091,690	\$2,529,669	\$6,606,112
Operations & Maintenance Expenses	\$326,544	\$336,340	\$346,431	\$356,823	\$367,528	\$1,733,666	\$2,009,795	\$5,030,899
Operating Net Cash Flow Before	\$58,315	\$64,526	\$71,158	\$78,237	\$85,787	\$358,023	\$519,874	\$1,575,213
<b><u>Capital Cash Flow</u></b>								
Beginning Cash Balance	\$542,334	\$566,389	\$653,299	\$589,340	\$1,069,819	\$542,334	\$819,136	\$1,128,470
Other Capital Funding Sources:								
AIP Entitlement Grants	\$1,281,696	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,281,696	\$5,000,000	\$10,000,000
AIP Discretionary Grants	3,030,547	4,224,948	747,003	0	2,619,858	10,622,356	4,285,066	10,450,351
Passenger Facility Charges	142,700	173,782	177,405	181,104	184,881	859,872	958,367	2,060,813
Rental Car Customer Facility Charges	50,000	123,600	127,308	131,127	135,061	567,096	727,098	907,554
Other Unidentified Funding	0	0	0	2,500,000	11,500,000	14,000,000	10,000,000	(9,344,100)
Total Other Capital Funding Sources	\$4,504,943	\$5,522,330	\$2,051,716	\$3,812,232	\$15,439,800	\$31,331,021	\$20,970,532	\$14,074,618
Total Funds Available for Capital Expenditures	\$5,105,592	\$6,153,245	\$2,776,174	\$4,479,808	\$16,595,406	\$32,231,378	\$22,309,542	\$16,778,301
Capital Improvement Program Expenditures	4,539,203	5,499,946	2,186,834	3,409,990	15,776,270	31,412,242	21,181,072	15,260,042
Ending Cash Balance	\$566,389	\$653,299	\$589,340	\$1,069,819	\$819,136	\$819,136	\$1,128,470	\$1,518,259

Source: Leibowitz &amp; Horton AMC, 2010.